

REMARKS:

The Applicant appreciatively acknowledges the withdrawal by the Examiner of his previous objections regarding claim 19 and the withdrawal of the rejection under 35 USC § 103 with respect to the remaining claims. The Applicant will now address the remaining rejections under 35 USC § 101 and 35 USC § 112.

Under 35 USC § 101 the Examiner contends the claims do not encompass patentable subject matter in spite of the Board of Appeals ruling of October 10, 2002 to the contrary. The Examiner has taken the position that the Board of Appeals, in considering the same objections under section 101, erred in finding patentability under § 101 when it stated "The calculation of a score for determining probability of success in a lawsuit or for determining the relative strength of undertaking commercialization of an intellectual property is clearly a tangible, useful, and practical result, which is attained by the instant claimed invention." The Examiner asserts that the rejection now given in both the previous and present office actions under 35 USC § 101 is different than the rejection presented to the Board of Appeals. Apparently the Examiner is suggesting that the State Street Bank and AT&T vs. Excel Communications cases give rise to two different types of rejections under 35 USC § 101. The first rejection that is possible under the cases, according to the Examiner, is that there must be a tangible, useful, and practical result as was indicated by the Board. However, the Examiner asserts that there must also be a "concrete result" and that the word practical does not equate to the word "concrete", and that the Board failed to find patentability under the two pronged test, envisioned by the Examiner. In scrutinizing both the State Street Bank & AT&T cases, Applicant can not find any requirement or definition of what constitutes a "concrete result" nor can the Applicant find a discussion of "concreteness" in the Examiners last rejection.

In the Examiner's office action of July 2, 2003 at page 4, the Examiner asserts "The definition of concrete is particular and specific, not general." The Examiner then argues that "However, the disclosure is short on specifics as to explicitly how certain risk factors, cost factors, profit factors, and moral hazard factors are determined. In response the Applicant suggests that the risk

factors, cost factors, and profit factors are taught to be the indicia used to facilitate the organization of data as taught on page 5. The data in turn comes from a completed questionnaire as well as the results of a series of completed tasks, which are set forth on pages 27 and 28, and from other sources which are taught in Figure 1 as being from current litigation sources, from current PTO records and from Government and financial sources, for example Dunn & Bradstreet Financials, Standard & Poors Financials and the Department for Labor Statistics.

The risk factors themselves are listed in detail on pages 12 through 18 of the specification. Further, at page 7, lines 4 through 14 it is taught that a standard, or a mean, or an average can be calculated vis-à-vis the data included in each risk factor database, and then the significance of the risk factor can be expressed in relative terms, in other words relative to the mean or average. It is further taught that...“The weight given to each [risk factor] is derived from estimates or actual experience gained through a test marketing program”.

The specification continues at page 8 lines 11 through 22 where it is taught that determination of the standard for risk factors can be accomplished by applying actual experience factors to calculate the standard. The standard may be for example a ratio derived from the number and/or outcome of the patent suits brought in a certain circuit compared to the average number of patent suits brought in all circuits. Compiling the experience data enables one to establish a norm or an average for all circuits in general. Then it is taught “An individual patent risk factor i.e. circuit of residence of possible infringers is compared to this average and the relative risk factor is obtained.”

Cost factors are more thoroughly addressed at page 11 lines 12 through 23 and at page 12 lines 1 & 2. In that regard items such as use of scarce raw materials, highly skilled labor, toxic or pollutant byproducts are all addressed and can contribute to higher costs therefore lessening the chances of a large monetary gain.

The moral hazard is addressed at page 9 lines 1 through 14 which teach that upon enforcing sufficient numbers of patents it becomes possible to determine the adverse selection which applies to such patents. This adverse selection or moral hazard takes into account the fact that an

intellectual property owner will have a greater propensity to enforce an item of intellectual property under which he will receive the maximum return, perhaps even at the expense of enforcing a stronger intellectual property. The experience gained will allow adjustment of the relative risk factor to adjust for this counter-intuitive act of enforcing a weaker patent versus a stronger patent. Such information leads to an adjusted or probable success factor which is important in assessing the risk of loss in any commercialization activity.

The Applicant has addressed the only indication found either in the Examiner's office actions or the State Street Bank and AT&T cases which, giving the Examiner the benefit of the doubt, bear on the word "concrete". The Applicant believes that his comments address the foreseen shortfalls of "concreteness" as expressed in the office action and also believes this "concreteness" matter is more akin to the Examiners rejection of 35 USC § 112 discussed below. The Applicant therefore applies these same arguments in response to the Examiners 35 USC § 112 rejection, but for brevity includes them only once at this place in his Response. The Applicant does not believe there is basis in the cases for such heavy emphasis on the word "concrete". With all due respect, the Applicant maintains that the Board's opinion is not fatally flawed and there exists patentable subject matter under 35 USC § 101 embraced by the claims. It is noteworthy that the Board's decision was rendered in Applicant's favor in spite of the fact that in his argument to the Board at page 8, the Examiner raised the issued of useful, concrete, and tangible results. And in fact argued "However there is no indication in the specification how the composite score is used to evaluate the strength of a specific intellectual property, nor how the probable success factor is used in undertaking a lawsuit. The actual step of evaluating the strength of an intellectual property using the score is not performed." In spite of this strong advocacy for unpatentablity, the Board nevertheless found patentable subject matter.

It appears that the Examiner has now rejected the claims under 35 USC § 112 and overlapped this rejection with the lack of "concreteness" even though at page 6 of his Answer he argued unsuccessfully to the Board that "In the State Street case the concrete, tangible, and useful result is allocating money to different funds. "The present application performs mathematical calculations and provides a result (score) which is not used to perform any physical activity." Clearly the opportunity to interpret the word "concrete" was before the Board and therefore it is

logical to presume that if there were special significance to be attached to the word "concrete", the Board would have chosen to attach that significance and reject the claims in a matter not inconsistent with the Examiner's current position. The Board having failed to do so underscores the idea that there is no basis for the Examiners current unpatentability position under 35 USC § 101.

In response to the Examiner's § 112 rejection, interestingly in the Examiner's Answer on appeal he states on page 7 "Here in the present application all the Applicant has disclosed is inputting pre-selected risk factors and corresponding scores adding them, weighting them, and summarily producing a composite score....he continues '...data representing intellectual property risks is merely being added and multiplied". Apparently the Examiner now has taken the position that he does not know how the computer would be programmed and, in spite of the above mentioned teachings of the specification, it is unclear how to convert text and essay questions and responses into computer data in order to take into account the subjective risk factors which the calculation process appears to entail. It appears that for purposes of arguing against patentability under 35 USC § 101, the Examiner had a good grasp of the fundamentals which the computer was performing; however, in a turnaround for purposes of rejecting the claims under 35 USC § 112 the Examiner now appears to have no idea how to program the computer without undue experimentation.

Equally surprising is that the Examiner did not choose to raise his 35 USC § 112 rejection until after the Board's favorable decision. In others words, the present application went all the way through the first prosecution to the Board of Appeals without ever having been rejected under 35 USC § 112. The Applicant contends the Board was quite clear on this issue and resolved it in his favor by saying "Since the instant claims employ a programmed computer to calculate a score for determining a relative degree of strength associated with undertaking to commercialize intellectual property or for determining a probable success factor for undertaking a lawsuit we can not say any mathematical algorithm described by the instant claims is merely a abstract idea constituting disembodied concepts or truths that are not useful. The Board continues "The calculation of a score [clearly indicating the Board understands the calculations described by the claim] for determining probability of success of undertaking commercialization of an intellectual

property is clearly a tangible, useful, and practical result which is attained by the instant claimed invention. Note this statement also undermines the Examiner's assertion that there is no indication in the specification of how the composite score is used to evaluate the strength of a specific intellectual property or how the probable success factor is used in undertaking a lawsuit. The Board has no problem in understanding the above issues which the Examiner which now contends are the basis for his § 112 rejection. The Applicant has made reference to US Patent 5,999,907 to Donner (cited by the Examiner) to point out that which is known to those skilled in the art i.e. how to assign a value to considerations or items (in Donner's case a worth value) which have been approximated using previously collected indicator values and ultimately manipulate them with a computer to compare them to a second portfolio of patents of known value.

The Examiner asserts that the Applicant has not addressed specific issues he has raised with respect to the § 112 rejection. Thus the Applicant will comment in further summary fashion. First the Applicant contends that he does not need to instruct each computer owner how to program the computer he owns in order to establish patentable subject matter for his invention. Programming computers to add, subtract, multiply, and divide as the Examiner has described the Applicant's invention in his Examiner's Answer goes beyond the teachings required by 35 USC § 112. It is clearly explained how to convert text and essay questions and responses into data, at page 5. The first step is entering data from a questionnaire completed by the owner of the intellectual property or on his behalf. The computer is preprogrammed such that the data is organized by predetermined risk factors which list of factors is set forth at page 12 et. seq.

The data is then evaluated by comparing it to a preset standard for that risk factor in question and computing a score which represents a relative degree of strength associated with the specific intellectual property. It is explained at page 7 that the standard is a mean or average of the data in each risk factor data base. The specific risk factor is then expressed in terms of a relative risk factor; in other words relative to the mean. It is elementary that a risk factor greater than the average bodes against investing in or bring a lawsuit on a patent. Even the Board had no difficulty in recognizing the value of the Applicant's score as they referred to it. Consequently, the Applicant, with all due respect, disagrees with the Examiner's assertion that there is no

indication in the specification of how the composite score is used to evaluate the strength of a specific intellectual property. Keep in mind there is a relative risk factor with a relative score. It appears intuitively obvious that when a risk factor score for a specific patent is twice as high as for the average for that risk factor it bodes against commercializing or enforcing the patent in question.

The Applicant has attempted to list the arguments in detail to the Examiner's rejection of the claims and believes he has successfully done so. Consequently, Applicant respectfully requests the claims be allowed and passed to issue.

Respectfully Submitted,

Robert W. Fletcher
Attorney for the Applicant
Robert W. Fletcher, Reg. No. 25,334